



State Senator

April 13, 2005

VALDE GARCIA

Serving the 22nd District

Shiawassee-Livingston-Southern Ingham counties

Legislative Update

BREAKING NEWS FROM SENATOR GARCIA'S OFFICE A Legislative Bulletin for Residents of the 22nd District

Garcia's

BILL OF THE WEEK!

**SB 194: Coast Guard Commemoration
Soon to become a Public Act!**

Senator Garcia is scheduled to receive his first Public Act of 2005 with Senate Bill 194. The soon-to-be law commemorates the anniversary of the Coast Guard's formation on August 4 of every year.

Investors: If It's Too Good To Be True, Call OFIS *Department Unveils Top 10 Threats to Investors*

Office of Financial and Insurance Services identified the top threats that consumers face when deciding to invest their funds.

The following ranking of the top 10 threats to Michigan investors for 2005 is based on a list identified by an annual survey of members of the North American Securities Administrators Association (NASAA):

- **Ponzi Schemes:** The premise is simple: pay early investors with money raised from later investors. The only people who make money are the promoters who set the Ponzi in motion.
- **Unlicensed Individuals Selling Securities:** Anyone selling securities without a valid securities license should be a red alert for investors. Remember: No license, no sale.
- **Unregistered Investment Products:** Con artists bypass stringent state registration requirements to pitch viatical settlements, pay telephone machine and ATM leasing contracts, and other investment contracts with the promise of "limited or no risk" and high returns.
- **Promissory Notes:** Empty promises can leave these notes worth less than the paper on which they are printed.
- **Senior Investment Fraud:** Because of their access to a lifetime of savings, seniors continue to face investment fraud by con artists peddling unsecured promissory notes, viatical settlements and other investments that are either fraudulent or unsuitable for them based on their particular financial needs.
- **High-Yield Investment Schemes:** Con artists lure investors with promises of triple-digit returns through access "risk-free guaranteed high-yield instruments" or something equally deceptive.

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- Internet Fraud: Stock promoters are using online “boiler rooms,” instant messaging, and fake websites to lure investors into “pump-and-dump” stock schemes.
- Affinity Fraud: Con artists are increasingly targeting religious, ethnic, cultural, and professional groups.
- Variable Annuity Sales Practices: Senior investors should beware of the high surrender fees and steep sales commissions agents often earn when they move investors into variable annuities.
- Oil and Gas Scams: With oil topping \$50 a barrel and continued Middle East instability, regulators warn that con artists continue with schemes promising quick profits in oil and gas ventures.

Three investment opportunities also were cited for “dishonorable mention”: penny stocks, private placements, and bogus investment seminars where high pressure side tactics are used.

Before making any investment, OFIS urged investors to ask the following questions: Are the seller and investment properly licensed and registered? Has the seller given you written information that fully explains the investment? Are claims made for the investment realistic? Does the investment meet your personal investment goals?

Investors are urged to contact OFIS with any questions about an investment product, broker or adviser, before making an investment. OFIS can be reached on the internet at www.michigan.gov/ofis or toll-free at 1-877-999-6442.

For more information on different scams and other securities issues, the NASAA Fraud Center can be viewed at www.nasaa.org. NASAA is the oldest international organization devoted to investor protection. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, Canada, and Mexico.

Numerous bills were introduced this week!

Should you wish to learn more about the proposed legislation, please visit www.michiganlegislature.org and enter the bill number where indicated. The web-site will provide you with the bill's language as introduced and an analysis describing how the bill will affect area industry, the economy and consumers.

Senator Garcia is eager to learn how you feel about proposed legislation. He welcomes your responses via e-mail at senvgarcia@senate.michigan.gov.

Event Update!!!!

11th Annual Memorial Day Service
May 26, 2005
10 a.m. at the Capitol



Please RSVP your attendance at (800) 516-0026.